



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE

REFER TO FILE: **FAC-0**

March 29, 2005

TO: Each Supervisor

FROM: Donald L. Wolfe
Acting Director of Public Works

HEADQUARTERS COGENERATION STUDY

Public Works intends to issue a Request for Proposal (RFP) to enter into a design/build contract for a cogeneration plant for our headquarters facility. The proposed project would consist of a cogeneration plant that would provide electricity, heating, and cooling for our headquarters facilities, reducing our energy costs and increasing power supply reliability.

Growing energy demands and rate increases in the California utility market have increased energy costs over 40 percent at our headquarters facilities during the last five years. While our energy needs have increased due to improvements and expansion of technology-based operations, some of these costs have been mitigated by replacing older, outdated fixtures and components with higher-efficiency and longer life replacement parts. Despite these efforts, we expect future rate instability and increases to outpace any savings realized from our maintenance program.

Last year, in concert with Internal Services Department, we engaged the services of the Southern California Gas Company and an energy consultant to perform a cogeneration feasibility study and cost/benefit analysis for our headquarters facilities. Results of that study indicate that we could save up to \$10 million over the next 20 years, plus pay back an estimated \$3.8 million capital investment.

In addition to the project's financial benefits, cogeneration has been widely regarded as an environmentally friendly and efficient technology for use in large facilities and campus settings (e.g., civic center complexes, hospitals, and jails). Because of rising electricity costs and technology advances, cogeneration is becoming more and more economical in commercial facilities and office buildings. This would be the first

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commercial-size cogeneration plant the County has ever implemented and could serve as the impetus for the County to consider cogeneration at other facilities in the future.

If the proposals received are as favorable as preliminary assessments indicate, we plan to seek your Board's approval to award this project sometime this summer. Should you have any questions, please call me or your staff may contact Dean Efstathiou, Acting Assistant Director, at (626) 458-4010.

FG:dh

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cc: Chief Administrative Office
Executive Office
Internal Services (Dave Lambertson, Howard Choy)

bc: Facilities Management (Guido, Cholakian)